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(*b*) The aims of the scheme for the collection of Marine Fishery Statistics sanctioned in the year 1949 are—

(1) To study the possibility of applying the method of random sampling for estimating the total catch of fish under the conditions obtaining along the Malabar coast. Out of 100 villages along the coast line, 24 villages were selected at random to record the catches in six boats in each village.

(2) To study the seasonal variation in the catch of important types of fish.

(3) To enumerate the total number of fishing boats and the total fishing population.

(4) To maintain records of total catch for each of the sample boats separately for different varieties of fish.

(*c*) The scheme was sponsored and sanctioned by the Indian Council of Agricultural Research. It was initiated on 3rd December 1949 and completed on 31st March 1951. The scheme is not continued during 1951–52.

(*d*) No.

Appendix VI.

[*Vide* item III on page 19 *supra*.]

GOVERNMENT OF MADRAS

White Paper on the Madras Budget, 1952–53, *as presented to the Legislature.*

This Paper gives a brief review of the financial results of the last year (1950–51) and the revised estimate for the current year, 1951–52 and explains the basis on which the interim budget for the next year, 1952–53 has been framed.

Accounts, 1950–51.

Accounts, 1950–51.

2. The Revised Estimate for 1950–51 anticipated that the total Revenue in the year would amount to Rs. 59·70 crores and the Expenditure on Revenue Account to Rs. 59·07 crores, leaving a surplus of Rs. 63 lakhs. According to the final accounts of the year, the Revenue amounted to only Rs. 58·16 crores, while the expenditure increased to Rs. 59·45 crores, with the result that there was a revenue deficit of Rs. 129 lakhs in that year. The decrease of Rs. 154 lakhs in the revenue was mainly due to the fact that (*a*) against Rs. 80 lakhs taken credit for as Grow More Food grant from the Government of India in the

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Revenue Account, the Government of India gave a provisional credit of only Rs. 20 lakhs, pending the final settlement of the accounts; and (b) that a sum of Rs. 62 lakhs of the food procurement bonus given by the Government of India was adjusted in the Capital section of the accounts instead of in the Revenue Account as originally contemplated. A large decline in the receipts by way of sales of agricultural machinery also contributed to the final worsening, notwithstanding an increase under Land Revenue (by way of larger collection of rents due to zamindars) and General Sales Tax. Increased expenditure occurred mainly under Road Works and Police.

The capital outlay excluding State Trading Schemes amounted to Rs. 16·94 crores against the Revised Estimate of Rs. 18·45 crores, showing a decrease of Rs. 1·51 crores, which occurred chiefly in respect of Irrigation, etc., works. As regards State Trading Schemes, the revised estimate anticipated that the actual adjustments in the accounts of the year in respect of various transactions would result in a net credit of nearly Rs. 3 crores, while the actual credit was only Rs. 138 lakhs. This was due chiefly to larger adjustments made towards the purchase of rice, wheat and other grains before the close of the year than was originally anticipated.

Including the net outlay on State Trading Schemes, the total capital expenditure was practically the same as contemplated in the revised estimate (Rs. 15½ crores). Under 'Loans and Advances by the State Government,' the net disbursements (Rs. 288 lakhs) indicated an increase of Rs. 89 lakhs over the revised estimate (Rs. 199 lakhs), the increase being due mainly to larger disbursements of loans under the Agriculturists' Loans Act.

Revised Estimate, 1951–52.

Revised Estimate, 1951–52. Revenue Account.

3. The revised estimate for the current year anticipates a total revenue of Rs. 63·48 crores, against the budget figure of Rs. 59·63 crores. The figures of expenditure on Revenue Account also show a rise from Rs. 60·30 crores to Rs. 63·58 crores. As a result, the revenue deficit is now expected to be about Rs. 10 lakhs only, as compared with the budgeted deficit of Rs. 67 lakhs. The variations are spread over several heads of revenue and expenditure and these are explained in the Budget Memorandum for 1952–53.

The noteworthy increases in revenue are—(*a*) Rs. 137 lakhs under Income-tax receipts, based on the latest intimation from the Government of India and (*b*) Rs. 115 lakhs in the receipts from the Madras General Sales tax. The revised estimate under Land Revenue allows for special remissions to the extent of Rs. 50 lakhs with reference to the prevailing adverse seasonal conditions. (The actual remissions may, however, prove to be larger.)

Among the factors contributing to the increase in expenditure may be mentioned—(1) a provision of Rs. 30 lakhs for transfer to a special fund, out of the estimated surplus revenue from the zamindari areas taken over by the Government since 1949–50, (2) large expenditure on the purchase and maintenance of agricultural machinery and on the purchase of seeds under the Seed Multiplication Scheme resulting in an increase of nearly Rs. 1 crore under the head "Agriculture", (3) larger expenditure (from Rs. 50 lakhs to Rs. 85 lakhs) on Rural Water-supply Schemes and larger grants to local bodies mainly in connexion with the various works undertaken for the relief of unemployment (the total grants have risen from Rs. 100 lakhs to Rs. 142 lakhs) and (4) increased expenditure on elections held under the new Constitution. (The total expenditure on elections in this year is now expected to be about Rs. 90 lakhs, of which one half will be recovered from the Government of India. The original budget estimate assumed that the expenditure on this account would be about only one-fourth of this.)

Capital Expenditure, 1951–52.

4. The total capital expenditure outside the Revenue Account excluding State Trading Schemes is now estimated at about Rs. 19½ crores, against the budget anticipation of Rs. 22½ crores. The revised estimate includes Rs. 905 lakhs for Irrigation, etc., works—(Rs. 340 lakhs for Tungabhadra Project, Rs. 260 lakhs for the Lower Bhavani Project, and Rs. 305 lakhs for other works), Rs. 725 lakhs for Electricity schemes and Rs. 116 lakhs for civil works (buildings). The provision made for payment of compensation to landholders on the abolition of the Zamindari system is Rs. 168 lakhs, while the capital expenditure on Industrial development is estimated at about Rs. 44 lakhs. Having regard to the limited resources available to the Government for financing capital expenditure as a whole, the Government had to impose a drastic

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cut of about Rs. 2 crores in the expenditure on Electricity schemes and of about Rs. 1 crore in the expenditure on buildings. A smaller cut had to be made in regard to Irrigation schemes also. The transactions on account of State Trading Schemes in the year are now expected to result in a net credit of about Rs. 2·24 crores, due mainly to the anticipated adjustment of certain arrear credits. This estimate represents only the result of the transactions likely to be actually booked in the accounts of the year and does not represent the profit to the Government in the year under State Trading Schemes as a whole.

Loans and Advances, 1951–52.

5. In respect of loans and advances by the State Government, the Budget for the current year took credit for recoveries amounting to Rs. 232 lakhs and provided for advances to the extent of Rs. 432 lakhs. According to the revised estimate, the corresponding figures are Rs. 284 lakhs and Rs. 597 lakhs. The increase in the advances is mainly due to the provision made for the liberal grant of takkavi and other loans in the areas affected by drought and for short-term loans to ryots in selected districts for the purchase of chemical manures.

Under recoveries, a smaller credit is anticipated on account of the delay in the conversion of well subsidy loans into grants, but this is more than made up by the anticipated recoveries of loans granted for the purchase of fertilizers.

Borrowings, 1951–52.

6. An open market loan for Rs. 3 crores repayable in 1962 was issued in September 1951 bearing interest at $3\frac{1}{2}$ per cent per annum and at an issue price of Rs. 99–12 per cent. The Government of India have so far given a loan of Rs. 5 crores bearing interest at $3\frac{1}{2}$ per cent per annum and repayable in 10 years, towards the expenditure on the Tungabhadra and Lower Bhavani Projects in the current year and the revised estimate assumes that further loans to the extent of Rs. $3\frac{1}{2}$ crores will be available before the end of the year to meet capital expenditure generally, including Grow More Food irrigation schemes and special loans in distressed areas. The Government of India have also given a temporary advance of Rs. 100 lakhs repayable before the end of the year in connexion with the scheme of distribution of chemical manures. A loan of Rs. 9 lakhs has also been received, for being utilized in connection with Industrial Housing Schemes.

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On the disbursements side, the revised estimate makes provision for the repayment of the temporary advance of Rs. 100 lakhs for chemical fertilizers and of the special advance of Rs. 10 lakhs received last year for the expansion of cotton cultivation, besides the usual annual repayment of about Rs. 5 lakhs towards the consolidated debt. The revised estimate also allows for the repayment made in the early part of this year of a sum of Rs. 1 lakh received from the Government of India last year for financing an advance to a fishermen society. No treasury bills were raised during the current year, but large ways and means advances were taken from the Reserve Bank of India. The revised estimate anticipates that all outstanding ways and means advances will be cleared by the end of the year, by sale of securities to the extent necessary by transfer to the Government of India.

Ways and Means, 1951–52.

7. The ways and means position for the year 1951–52 is accordingly expected to be as follows :—

	RS. CRORES.
A. Opening cash balance allowing for the ways and means advance of Rs. 1·64 crores outstanding with the Reserve Bank	— 6·43
B. Deficit in the Revenue Account	— 0·10
C. Capital expenditure excluding State Trading Schemes	— 19·55
D. State Trading Schemes—Net recoveries	+ 2·24
E. Loans and Advances by the State Government (net disbursements)	— 3·13
F. Proceeds of open market loan	+ 3·01
Less purchase and cancellation of previous loans.	— 0·10
G. Loans from the Government of India for capital expenditure, special loans, etc.	+ 9·59
H. Repayment to the Government of India	— 1·16
I. Deposits, etc., transactions—Estimated net receipts.	+ 1·58
J. Disposal of securities (including Rs. 1¼ crores sold in the market and Rs. 5 crores transferred to the Government of India so far)	+ 14·75
K. Closing cash balance	+ 0·70

Debt position.

8. According to the revised estimate as now framed, the total outstanding balance of loans due to the Government of India on the 31st March 1952 will be Rs. 22·14 crores, and the outstanding balance of

loans raised in the open market will be Rs. 22·41 crores —*See* Annexure III. The total outstanding loans will thus be about Rs. 44½ crores which is only about 70 per cent of the present annual revenue. About one-half of this public debt will be covered by the loans repayable to the Government by local bodies, agriculturists and others (Rs. 21·73 crores).

At the beginning of this year, securities worth about Rs. 33 crores were held in the Cash Balance Investment Account and in the Revenue Reserve Fund. During the year, securities to the extent of Rs. 1·2 crores were added to these accounts by transfer from the ex-Pudukkottai State, the Hindu Religious and Endowments Board and other special accounts. The revised estimate for the current year contemplates that these securities will be reduced to about Rs. 19·4 crores on the 31st March 1952. In addition, the Government will hold separately securities belonging to the Sinking Fund, Famine Relief Fund, and the Electricity Depreciation and Special Reserve Funds, of the purchase value of over Rs. 6 crores.

Budget Estimate, 1952–53.

Revenue Account, 1952–53.

9. The budget for the next year has been framed on the basis of existing taxation in regard to Revenue and existing sanctions only, in regard to expenditure. The figures are—

	RS. LAKHS.
(A) Revenue	63,90
(B) Expenditure on Revenue Account	64,76
(C) Deficit	86

The details of the figures for the Revised estimate for 1951–52 and the budget estimate for the year 1952–53 will be found in Annexure I to this Paper. As compared with the revised estimate for 1951–52, the Budget for 1952–53 anticipates that the total revenue will be higher by about Rs. 42 lakhs, while the expenditure will be greater by Rs. 118 lakhs. The variations

TRUTH ALONE TRIUMPHS

that occur under individual heads are explained in full in the Budget Memorandum for 1952–53. The main variations are—

Revenue.

	RS. LAKHS.
(*a*) Taxes on Income	— 32
(*b*) Forest Revenue	— 37
(*c*) General Sales Tax Receipts	— 25
(*d*) Industries (increased receipts are anticipated mainly from the Government Hydrogenation Factory)	+ 66
(*e*) Civil Works—Transfer from the Central Road Fund	+ 73
Total ..	+ 45

Expenditure on Revenue Account.

	RS. LAKHS.
General Administration	+ 38
(Increase is mainly on account of the adjustments pertaining to the Well Subsidy Scheme).	
Industries	+ 44
(Mainly on account of the Hydrogenation Factory).	
Miscellaneous	+ 49
(Mainly on account of a contribution of Rs. 50 lakhs to the village panchayats).	
Total ..	+ 131

The Budget Estimate for 1952–53 provides for the transfer in that year of a sum of Rs. 20 lakhs to the Zamindari Abolition Fund from out of the surplus revenues derived from the zamindari estates taken over by the Government and also for the payment of Rs. 50 lakhs as assignment of land revenue to panchayats under the Village Panchayats Act

New Schemes, 1952–53.

10. No provision has been made for New Schemes of expenditure which will be considered by the new Government in due course. The Estimates on Revenue Account, however, include a sum of Rs. 30 lakhs as lump-sum provision for teaching, equipment, etc., grants to educational institutions and Rs. 50 lakhs for grants to local bodies for new road works.

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11. The provision made for capital expenditure in the next year (excluding outlay on State Trading Schemes) is Rs. 19,87 lakhs which is about the same as the provision made in the Revised Estimate for 1951–52 (Rs. 19½ crores)—*See* Annexure II. The bulk of the capital expenditure will be on Irrigation Schemes (Rs. 8,97 lakhs) and on Electricity Schemes (Rs. 8,00 lakhs). The provision for Irrigation works includes Rs. 75 lakhs for Tank Improvement Schemes and Rs. 75 lakhs for Grow More Food Irrigation Schemes. The provision made for Capital Outlay on Civil Works —Buildings is Rs. 1,81 lakhs, while the provision for Industrial Development is Rs. 39 lakhs. Capital Expenditure, 1952–53.

A sum of Rs. 70 lakhs has also been included for payment of compensation to the zamindars—Rs. 50 lakhs for advance compensations and Rs. 20 lakhs for interim payments. The advance compensation is in respect of estates which have not yet been notified or taken over but which may be notified and taken over next year.

The transactions pertaining to the State Trading for Grain Supply are expected to be more or less balanced, while in respect of other State Trading Schemes (mainly distribution of chemical manures), it is anticipated that there will be a net debit of about Rs. 29 lakhs in the next year.

12. Under Loans and Advances by the State Government, it is expected that the net disbursements will be slightly less than Rs. 1 crore, after providing Rs. 50 lakhs for the grant of loans to local bodies, etc., for new works, as against the net disbursement of over Rs. 3 crores in 1951–52. The decrease is mainly due to the assumption that if the seasons during next year prove favourable, there may not be a need for special disbursements of takkavi loans as in the current year. It is also assumed that the Well Subsidy loans will not be continued during the year 1952–53. Loans and Advances by the Madras Government, 1952–53.

13. The budget assumes that the Government of India will give a loan of Rs. 7½ crores towards capital expenditure. Following the usual procedure, no credit has been taken in the budget for the proceeds of any open market loan that may be raised by this Government during the next year, as the issue of such a loan depends upon many factors, which cannot be foreseen now. The outstanding balance of about Rs. 2 crores of the open market loan raised by this Government Borrowings, 1952–53.

in 1937 and 1940 (3 per cent Loan, 1952) is due for repayment in September next. The budget makes provision for this.

Opening and Closing Balance, 1952–53.

14. As indicated above, the year 1952–53 is expected to start with a Cash Balance of Rs. 70 lakhs and Securities worth Rs. 19·4 crores in the Cash Balance Investment and Revenue Reserve Fund Accounts. According to the estimates as now framed, the year will close with a Cash Balance of Rs. 51 lakhs and Securities worth about Rs. 3·4 crores only in the Cash Balance and Revenue Reserve Fund Accounts. This will be increased to the extent of the amount of any open market loan that may be raised or further loans that may be given by the Government of India. In addition, the Government will hold in the earmarked funds (Sinking Fund, Famine Relief Fund and Electricity Reserve Funds) securities of the purchase value of about Rs. 7 crores. Full information relating to these and other Funds will be found in Annexures II to VI of the Budget Memorandum.

Assets and Liabilities.

15. Appendix I to the Budget Memorandum gives the details of the liabilities of the Government and assets of certain kinds. The liabilities as on 31st March 1952 are estimated at about Rs. 101 crores and the assets at about Rs. 141 crores. The excess of the assets over the liabilities is thus Rs. 40 crores. According to the Budget Estimate for 1952–53, the excess of the assets over the liabilities will increase to about Rs. 49 crores on 31st March 1953.

Five-Year Plan.

16. Annexure IV to this Paper contains a statement comparing the provision included in the Five-Year Plan under the various developmental heads with the provision actually included in the revised estimate for the current year and the budget for the next year. It will be seen that against an allotment of Rs. 33 crores in the Plan for the year 1951–52, the actual expenditure is expected to be only Rs. 29 crores. Similarly for the next year, the provision included in the budget is about Rs. 28 crores as against the allotment of Rs. 35½ crores in the Plan.

The question of the further provision to be made for the schemes included in the Five-Year Plan in the budget for next year together with the problem of finding the requisite additional resources will be considered by the new Government.

FORT ST. GEORGE,
15th March 1952

T. A. VARGHESE,
Financial Secretary.